
Investment Committee Minutes

Thursday, September 17, 2020 2:00 p.m.
Teleconference / Videoconference

Goal: To make recommendations for and oversee the Investment Policy of the City and Borough of Sitka enacted as Chapter 4.28.

Investment Committee Members: Michael Reif, Bert Stedman,
Jere Christner, Max Rule (Alternate)
Thor Christianson (Assembly Liaison)

The Chair called the meeting to order at approximately 2:04 p.m.

I. Roll Call

Present: Michael Reif, Jere Christner, Max Rule

Absent: Bert Stedman (excused)

Staff: Finance Director Melissa Haley, Deputy Clerk Melissa Henshaw

Assembly Liaison: Thor Christianson

Others: Dr. Richard Wein, Blake Phillips, Allison Capps, Vinay Sharma with Alaska Permanent Capital Management (APCM)

II. Approval of the minutes

A. May 11, 2020

M - Rule / S - Christner - moved to approve the minutes from May 11, 2020. Motion carried unanimously.

III. Persons to be Heard

None.

IV. Reports

B. APCM Portfolio Review

Blake Phillips gave an account summary starting with a market review. He told of trends regarding COVID-19, unemployment, central banks programs, and the 2020 presidential election. He showed how the overall fund had performed and stated the decision due to the uncertainty of COVID-19, not to rebalance. He reminded that APCM had the ability to be flexible within ranges and that the strategic benchmark was designed to meet the city's goals. Vinay Sharma with APCM gave a strategic review going over the process that was developed to meet fiduciary duties.

Phillips went over the long-term impacts of the pandemic response by showing the expected return by asset class compared to 2019. He explained the asset allocation factors for Sitka.

Reif reminded the goal of taking a lower distribution over time (down to 4%) as the fund wasn't sustainable at 6% withdrawal.

Phillips stated while reaching for a return, risk also had to be looked at. There was discussion on the New Model 5 asset class and risk. Commissioners felt that 65% Equity with Credit was preferred. The code would need to be changed if it was decided to move to the New Model 5

asset class. Vinay told of the benefits of changing the index. Finance Director Melissa Haley didn't feel like there was much benefit to change it at this time.

Rule noted the upcoming Assembly's challenging budget cycle and wondered if the draw was reasonable. Haley stated it could be a topic of conversation, that she was still closing out last fiscal year. She noted that fortunately at the beginning, sales tax was strong and there had been unanticipated revenue. Although the full impact was unknown, at this time sales tax was down for the year from what was budgeted and the transfer could be considered an emergency source of funds, but noted that expenses were down for the last fiscal year.

Rule told of his concerns and looking at projections of tourism noting there may be pressure to increase draws from the Permanent Fund. Haley noted that the Investment Committee may need to give guidance to the Assembly in the upcoming budget process.

V. Unfinished Business

None.

VI. New Business

C. Nominations for Chair and Vice-Chair

M - Christner / S - Rule - moved to nominate Mike Reif for Chair. Motion carried unanimously.

M - Rule / S - Christner - moved to nominate Jere Christner for Vice Chair. Motion carried unanimously.

Rule thanked those in the roles. He stated his intent to reapply as his term was expiring.

VII. Adjourn

Agenda item for the next meeting: Fiscal Policy and possibly an asset allocation change. Reif suggested the next meeting should be mid-January.

M - Christner / S - Rule - moved to adjourn. Seeing no objection, the meeting adjourned at 3:37 p.m.

Attest:
Melissa Henshaw, Deputy Clerk